

**NONPROFIT KNOWLEDGE WORKS, INC.**

**Audits of Financial Statements**

**June 30, 2011 and 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **DEC 07 2011**

## Contents

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<b>Independent Auditor's Report</b>	<b>1</b>
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### **Basic Financial Statements**

Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11

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<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	<b>12 - 13</b>
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## Independent Auditor's Report

To the Board of Directors  
Nonprofit Knowledge Works, Inc.  
New Orleans, Louisiana

We have audited the accompanying statements of financial position of Nonprofit Knowledge Works, Inc. (a non-profit organization) (the Organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Knowledge Works, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011, on our consideration of Nonprofit Knowledge Works, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audits.

A handwritten signature in cursive script, appearing to read "LaPorte, Deloitte, Kohnig &amp; Hood".

A Professional Accounting Corporation

October 11, 2011

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**NONPROFIT KNOWLEDGE WORKS, INC.**  
**Statements of Financial Position**  
**June 30, 2011 and 2010**

	2011	2010
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 591,527	\$ 261,885
Short-Term Investments	960,000	1,350,000
Contract Receivables	22,250	25,067
Other Receivables	-	317,326
Prepaid Expenses	7,771	11,119
<b>Total Current Assets</b>	<b>1,581,548</b>	<b>1,965,397</b>
<b>Property and Equipment, Net</b>	<b>-</b>	<b>-</b>
<b>Other Assets</b>		
Deposits	2,312	2,312
<b>Total Assets</b>	<b>\$ 1,583,860</b>	<b>\$ 1,967,709</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 3,287	\$ 4,741
Payroll Liabilities	9,451	7,179
Deferred Revenue	137,485	502,733
Accrued Leave Liability	33,287	39,224
<b>Total Current Liabilities</b>	<b>183,510</b>	<b>553,877</b>
<b>Net Assets</b>		
Unrestricted	1,400,350	1,413,832
<b>Total Net Assets</b>	<b>1,400,350</b>	<b>1,413,832</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,583,860</b>	<b>\$ 1,967,709</b>

The accompanying notes are an integral part of these financial statements.

**NONPROFIT KNOWLEDGE WORKS, INC**  
**Statements of Activities**  
**For the Years Ended June 30, 2011 and 2010**

	2011	2010
<b>Unrestricted Net Assets</b>		
<b>Revenues, Gains and Other Support</b>		
Contributions	\$ 3,136	\$ 36,398
Interest Income	8,901	11,958
Other Income	525	-
<b>Total Revenues, Gains and Other Support</b>	<u>12,562</u>	<u>48,356</u>
<b>Net Assets Released from Restrictions</b>		
Expiration of Time/Use Restrictions - Grants and Awards	872,941	1,238,521
<b>Total Net Assets Released from Restrictions</b>	<u>872,941</u>	<u>1,238,521</u>
<b>Total Unrestricted Revenues, Gains and Other Support</b>	<u>885,503</u>	<u>1,286,877</u>
<b>Expenses</b>		
Program Services	862,988	941,816
Supporting Services		
General and Administrative	35,997	48,856
<b>Total Expenses</b>	<u>898,985</u>	<u>990,672</u>
<b>(Decrease) Increase in Net Assets</b>	<u>(13,482)</u>	<u>296,205</u>
<b>Temporarily Restricted Net Assets</b>		
<b>Grants and Awards</b>		
Time/Use Restricted Grants and Awards	872,941	1,238,521
<b>Total Grants and Awards</b>	<u>872,941</u>	<u>1,238,521</u>
<b>Net Assets Released from Restrictions</b>		
Expiration of Time/Use Restrictions - Grants and Awards	(872,941)	(1,238,521)
<b>Total Net Assets Released from Restrictions</b>	<u>(872,941)</u>	<u>(1,238,521)</u>
<b>Change in Temporarily Restricted Net Assets</b>	<u>-</u>	<u>-</u>
<b>(Decrease) Increase in Net Assets</b>	<u>(13,482)</u>	<u>296,205</u>
<b>Net Assets, Beginning of Year</b>	<u>1,413,832</u>	<u>1,117,627</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,400,350</u>	<u>\$ 1,413,832</u>

The accompanying notes are an integral part of these financial statements.

**NONPROFIT KNOWLEDGE WORKS, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2011**

	Program Services			Supporting Services	Total
	Data Center	Information Management	Total Program	General and Administrative	
Salaries and Wages	\$ 315,347	\$ 175,117	\$ 490,464	\$ 18,131	\$ 508,595
Payroll Taxes and Employee Benefits	67,059	29,260	96,319	3,748	100,067
<b>Total Payroll Costs</b>	<b>382,406</b>	<b>204,377</b>	<b>586,783</b>	<b>21,879</b>	<b>608,662</b>
Contract Services	125,680	27,850	153,530	-	153,530
Rent	-	-	-	29,760	29,760
Publications	24,445	11	24,456	1,603	26,059
Accounting and Professional Fees	-	-	-	25,913	25,913
Insurance	-	-	-	10,977	10,977
Telephone	-	-	-	8,718	8,718
Board/Staff Development	3,189	-	3,189	3,716	6,905
Knowledge/Technical Upgrades	210	153	363	6,538	6,901
Internet/Website	1,611	-	1,611	5,134	6,745
Equipment	-	-	-	4,485	4,485
Supplies	219	-	219	3,797	4,016
Food and Meetings	1,984	317	2,301	1,131	3,432
Automobile Mileage	369	800	1,169	121	1,290
Postage and Delivery	385	-	385	756	1,141
Local Parking	355	23	378	66	444
Licenses and Permits	-	-	-	7	7
Indirect Cost Allocation	40,103	34,897	75,000	(75,000)	-
Closed Contract Allocation	-	13,604	13,604	(13,604)	-
<b>Total Expenses</b>	<b>\$ 580,956</b>	<b>\$ 282,032</b>	<b>\$ 862,988</b>	<b>\$ 35,997</b>	<b>\$ 898,985</b>

The accompanying notes are an integral part of these financial statements.

**NONPROFIT KNOWLEDGE WORKS, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2010**

	Program Services			Supporting Services	Total
	Data Center	Information Management	Total Program	General and Administrative	
Salaries and Wages	\$ 338,943	\$ 209,098	\$ 548,041	\$ 16,884	\$ 564,925
Payroll Taxes and Employee Benefits	69,457	33,235	102,692	3,402	106,094
<b>Total Payroll Costs</b>	<b>408,400</b>	<b>242,333</b>	<b>650,733</b>	<b>20,286</b>	<b>671,019</b>
Contract Services	69,111	74,327	143,438	5,200	148,638
Publications	37,319	-	37,319	259	37,578
Rent	-	-	-	31,472	31,472
Accounting and Professional Fees	-	-	-	31,079	31,079
Knowledge/Technical Upgrades	14,805	4,061	18,866	2,703	21,569
Liability Insurance	-	-	-	10,962	10,962
Telephone	-	-	-	7,967	7,967
Supplies	496	135	631	6,068	6,699
Board/Staff Development	5,863	-	5,863	774	6,637
Food and Meetings	1,398	629	2,027	2,391	4,418
Equipment Maintenance	-	-	-	3,703	3,703
Internet/Website	-	15	15	3,130	3,145
Postage and Delivery	118	-	118	2,046	2,164
Travel	-	-	-	1,485	1,485
Automobile Mileage	629	591	1,220	123	1,343
Local Parking	393	109	502	9	511
Off-Site Training/Meeting Space	225	-	225	-	225
Small Equipment	-	-	-	49	49
Licenses and Permits	-	-	-	9	9
Indirect Cost Allocation	35,791	45,068	80,859	(80,859)	-
<b>Total Expenses</b>	<b>\$ 574,548</b>	<b>\$ 367,268</b>	<b>\$ 941,816</b>	<b>\$ 48,856</b>	<b>\$ 990,672</b>

The accompanying notes are an integral part of these financial statements.

**NONPROFIT KNOWLEDGE WORKS, INC.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2011 and 2010**

	2011	2010
<b>Cash Flows from Operating Activities</b>		
(Decrease) Increase in Net Assets	\$ (13,482)	\$ 296,205
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Decrease (Increase) in Accounts Receivable and Other Receivables	320,143	(301,264)
Decrease in Prepaid Expenses	3,348	4,637
Decrease in Accounts Payable	(1,454)	(4,200)
Increase (Decrease) in Payroll Liabilities	2,272	(2,935)
(Decrease) Increase in Deferred Revenue	(365,248)	2,219
(Decrease) Increase in Accrued Expenses	(5,937)	11,504
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(60,358)</b>	<b>6,166</b>
<b>Cash Flows from Investing Activities</b>		
Sale (Purchase) of Investments	390,000	(390,000)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>390,000</b>	<b>(390,000)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>329,642</b>	<b>(383,834)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>261,885</b>	<b>645,719</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 591,527</b>	<b>\$ 261,885</b>

The accompanying notes are an integral part of these financial statements.



## **NONPROFIT KNOWLEDGE WORKS, INC.**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies**

##### **Nature of Activities**

Nonprofit Knowledge Works, Inc. (the Organization) is a non-profit organization serving the New Orleans area by providing management and information support to the non-profit and civic sectors. The Organization began independent operations in July 1997.

In January 2005, the Greater New Orleans Community Data Center (Data Center), a program previously housed at the United Way, was merged with the Center for Non-Profit Resources (CNR). CNR's corporate structure remained in place, since the Data Center was not an incorporated entity. On June 16, 2005, the Board of Directors voted by two-thirds vote to change the name from the Center for Non-Profit Resources to Greater New Orleans Nonprofit Knowledge Works, Inc. The name change was filed and recorded in the office of the Louisiana Secretary of State on July 8, 2005. During the fiscal year 2008, the Board of Directors voted to change the name from Greater New Orleans Nonprofit Knowledge Works, Inc. to Nonprofit Knowledge Works, Inc. The name change was filed and recorded in the office of the Louisiana Secretary of State on February 1, 2008.

The mission of Nonprofit Knowledge Works, Inc. is to enhance the capacity of the non-profit sector in greater New Orleans to provide information-driven, systemic and effective solutions to community problems.

Programs provided by the Organization are as follows:

##### **Data Center**

The Data Center builds sustainable sources of data and information to support non-profit and civic sector planning in a rapidly changing environment. The Data Center presents this data in a highly usable web and print format to increase the New Orleans non-profit and civic sector's access to this essential information and works with many local organizations to increase their ability to interpret the data and information.

##### **Information Management Activities**

This program involves identifying information based barriers to both system and individual agency effectiveness. The ongoing research looks at the barriers to agency effectiveness based on the way in which agencies collect and use information to inform both planning and management. The major project this year has been to assist with the development of an information based systems reform process for the local behavioral health system.

## NONPROFIT KNOWLEDGE WORKS, INC.

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### **Basis of Presentation**

Financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted Net Assets** - limited only by the board limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors and others entered into by the organization in the course of its business.

**Temporarily Restricted Net Assets** - assets whose restrictions lapse with the passage of time. There were no temporarily restricted net assets as of June 30, 2011 and 2010.

**Permanently Restricted Net Assets** - assets whose restrictions do not lapse with the passage of time. There were no permanently restricted net assets as of June 30, 2011 and 2010.

##### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### **Short-Term Investments**

Short-term investments consist of certificates of deposits which have original maturities from six to nine months.

##### **Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## **NONPROFIT KNOWLEDGE WORKS, INC.**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Contributions (Continued)**

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of June 30, 2011 and 2010, management deemed all receivables collectible.

##### **Donated Assets**

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets over such useful life.

Donated services are recognized as contributions in accordance with FASB ASC Topic 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no services donated that met these criteria for the years ended June 30, 2011 and 2010.

##### **Concentration of Grants and Awards**

During the year ended June 30, 2011, the Organization received revenues from two funding sources representing 32% and 30%, of total revenues, gains and other support. During the year ended June 30, 2010, the Organization received revenues from one funding source representing 37% of total revenues, gains and other support.

##### **Functional Allocation of Expenses**

Expenses are charged to each program directly when the charge is identified to the program. Program expenditures, which cannot be directly identified to a program, are allocated based on square footage, usage statistics and ratio of program payroll expenses to total payroll expenses as appropriate. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but to provide the overall support and direction of the Organization.

##### **Income Tax Status**

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

# NONPROFIT KNOWLEDGE WORKS, INC.

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies (Continued)

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Property and Equipment

Property and equipment are carried at cost. All expenditures for property and equipment and the fair value of donated property and equipment in excess of \$5,000 are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

### Note 2. Property and Equipment

At June 30, 2011 and 2010, the costs and related accumulated depreciation of property and equipment consisted of the following:

	2011	2010
Equipment	\$ 12,548	\$ 12,548
Leasehold Improvements	3,858	3,858
	<u>16,406</u>	<u>16,406</u>
Less: Accumulated Depreciation	<u>(16,406)</u>	<u>(16,406)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

### Note 3. Deferred Revenue

Deferred revenue liability represents the unspent amount in grants and contracts received in prior periods. At June 30, 2011 and 2010, the deferred revenue was \$137,485 and \$502,733, respectively.

### Note 4. Leases

The Organization leases its office and training facility under the terms of a lease agreement accounted for as an operating lease. The future minimum lease payments are as follows:

2012	\$ 12,993
2013	13,247
2014	<u>13,502</u>
Total	<u>\$ 39,742</u>

## **NONPROFIT KNOWLEDGE WORKS, INC.**

### **Notes to Financial Statements**

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#### **Note 4. Leases (Continued)**

Rent expense for the years ended June 30, 2011 and 2010, was \$29,760 and \$31,472, respectively.

#### **Note 5. Retirement Plan**

The Organization implemented a Simplified Employee Plan (SEP) which is available to all employees (both full and part-time) after 12 months and in which substantially all employees participate. Employees are 100% vested in all contributions by the Organization. Total retirement plan expenses were \$24,508 and \$26,173, for the years ended June 30, 2011 and 2010, respectively.

#### **Note 6. Concentration of Credit Risk**

The Organization's policy is to maintain balances below the U.S. Federal Deposit Insurance Corporation limit. At times, its deposits may exceed the covered amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

#### **Note 7. Uncertain Tax Positions**

The Organization follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic had no impact on the statements of financial position and the statements of activities and changes in net assets.

All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization's tax filings are subject to audit by various taxing authorities, and its open audit periods are 2008 through 2011. Management evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

#### **Note 8. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 11, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Nonprofit Knowledge Works, Inc.  
New Orleans, Louisiana

We have audited the financial statements of Nonprofit Knowledge Works, Inc. (the Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than specified parties.



A Professional Accounting Corporation

October 11, 2011